



CalHome Program

Department of Housing and Community Development

Notice of Funding Availability (NOFA)

CalHome General NOFA, January 22, 2013

Competitive



**State of California
Edmund G. Brown Jr., Governor**

**Linn Warren, Director
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**Division of Financial Assistance
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Section 1 – Introduction

The California Department of Housing and Community Development (HCD) is pleased to announce it is accepting applications for funds from the CalHome General Program. This notice is for approximately **\$49 million** from Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to fund local public agencies or nonprofit corporations for the following:

- Mortgage Assistance for Low or Very Low Income First-Time Homebuyers (includes Mortgage Assistance for Acquisition with Rehabilitation)
- Owner-Occupied Rehabilitation for Low or Very Low Income Homeowners

HCD awards CalHome grants to eligible organizations for activities that support homeownership programs aimed at low and very low income households. The intent of the CalHome Program is to “...increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize use of existing homes.”

Only one application from a local public agency will be accepted for each jurisdiction. Nonprofit corporations (Nonprofits) may operate in several jurisdictions under one application.

Section 2 – Authority

HCD administers the CalHome Program, subject to Health and Safety Code, Section 50650 et seq. (“Program Statutes”) and the California Code of Regulations Title 25 [25 CCR], Section 7715 et seq. (“CalHome Program Regulations” also referred to as Regulations), available at:

http://www.hcd.ca.gov/fa/calhome/calhome_regs_approved_text.pdf



Section 3 – Eligible Applicants

Entities:

Any local public agency or nonprofit corporation may apply that has:

- Operated as a housing program administrator, **AND**
 - Is authorized to engage, or assist in, the operation of housing programs for households with low or very low income, **or**
 - Is authorized to engage, or assist in, the development of housing for households with low or very low income.

The applicant must have the ability to perform the requirements of the activity or activities for which it has applied [reference 25 CCR, Section 7717].

Experience:

An eligible applicant must have:

- Administered a housing program for a minimum of two years prior to the date of application, **AND**
- A minimum of two years' experience, within the four calendar years preceding the date of application, for each activity for which it has applied.

An ongoing program that has multiple-year contracts may count experience from the original date of the contract through the date of application.

An applicant may count administration of a program performed by a third party contractor toward experience if the applicant was responsible for the program's operation.

Location:

Local Public Agencies:

- CalHome activities are restricted to the applicant's jurisdiction.

Nonprofits:

- CalHome activities are restricted to those counties in which the applicant has operated a housing program within the past four years, or in which they have an existing 523 technical assistance services agreement with the United States Department of Agriculture.
- Nonprofit Developers are eligible to apply for this NOFA, but only for Mortgage Assistance activities.



Notes:

- Only one CalHome loan may be made on a single property.
- A local public agency and a nonprofit organization cannot use their separate grant funds on the same property.

Section 4 – Applications

Amounts:

The **minimum** application amount for any single activity/program is \$120,000. If applying for more than one activity, the minimum application amount is \$240,000.

The **maximum** application amount for one or more activities is \$1,000,000. However, applicants with a population in their jurisdiction exceeding 400,000 may apply for a maximum of \$1,500,000 for one or more activities.

The list of qualifying cities and counties with unincorporated areas that have populations in excess of 400,000 can be found in the application form.

In addition to this list, a county may apply for a maximum amount of \$1,500,000 if:

- It operates programs in the small cities within the county.
- It can provide documentation to show approval from those cities.
- The sum of the populations of the small cities and the population of the unincorporated portion of the county exceeds 400,000.

The maximum application amounts are based on a subsidy cap of \$60,000 per property assisted. Activity Delivery Fees are included under the cap.

The maximum sales price/value limit may not exceed 100 percent of the current local median sales price of a single family home in the county in which the CalHome Program or project is located.

Activities:

The Applicant must designate which activity it is applying for.

- Use Attachment I if requesting funds for First-Time Homebuyer Mortgage Assistance.
- Use Attachment II if requesting funds for Owner-Occupied Rehabilitation.
- Use both Attachments if requesting funds for both activities. Only one application is required.



Documentation:

To be considered for funding, the applicant must demonstrate:

- The applicant is eligible.
- The activities are eligible.
- The proposed use of funds is eligible.
- The application was received by HCD on time.
- The application is complete.
- The application has not been altered or modified.
- The application is signed by the party authorized in the Resolution.

Submission:

Application must be made on the forms provided by HCD. Applicants may submit only one application in response to this NOFA.

Application forms are available at the CalHome website at:

<http://www.hcd.ca.gov/fa/calhome/>

Applications must be submitted in a three-ring binder and delivered to one of the following addresses:

U.S. Mail

Department of Housing and
Community Development
CalHome Program, Room 390-2
Division of Financial Assistance
P.O. Box 952054
Sacramento, CA 94252-2054

Private Courier

Department of Housing and
Community Development
CalHome Program
Division of Financial Assistance
1800 Third Street, Room 390-2
Sacramento, CA 95811

HCD must receive one original complete application no later than 5:00 p.m. on Wednesday, March 20th, 2013.

CalHome staff may request clarifying information provided the information would not result in a competitive advantage to the applicant. No applicant may appeal HCD's evaluation of another applicant's submission.



Section 5 – Funding Allocations

Step 1 - Threshold:

All applications will be reviewed to determine if they meet eligibility and threshold requirements. Those that pass will be rated for Baseline Criteria and then for Bonus Points.

Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not pass the Threshold Review and will not be rated and ranked.

If an applicant has submitted an application for both Mortgage Assistance and Owner Occupied Rehabilitation activities, and one does not pass the Threshold Review, the remaining activity will be considered on its own merits. The funding amount requested will be adjusted by HCD to reflect the amount requested for the activity that passed Threshold Review.

Step 2 – Baseline Criteria:

Applications that meet Threshold requirements will be separated into three groups: First-Time Homebuyer Mortgage Assistance, Owner-Occupied Rehabilitation, and those that are a combination of the two activities.

All applications passing the Threshold Review are scored for a **minimum of 550 points to a maximum of 900 points** in the following Baseline Criteria categories:

- 400 points Capability
- 150 points Community Need
- 250 points Feasibility
- 100 points Community Revitalization

The explanation for these criteria is found in Appendix A attached to this NOFA.

Each activity will be scored for Baseline Criteria. For applications that include both activities, two separate scores will be provided. If both activities pass the Baseline Criteria review, the application will proceed for a determination of Bonus Points, if any, and the two separate scores will be averaged into a single score.

Step 3 - Bonus Points:

Where appropriate, applications that have met eligibility, threshold and baseline requirements will be evaluated for potential bonus points for Energy Efficient/Green Building features and Universal Design standards (see Appendix A). If the requirements for these criteria are met, a maximum of 100 bonus points may be granted according to the values assigned to each. For applications that include both activities, all scores will be averaged into a single score.



Step 4 - Performance Penalty:

Applicants that have previously received a CalHome grant will be reviewed for performance [reference 25 CCR, Section 7751(c)].

Failure to have expended at least 95 percent of the most recently awarded grant will result in a 100 point penalty deduction from the score of this application [reference 25 CCR, Section 7755(a)(1)(B)].

If an applicant has been penalized in the prior NOFA round, the penalty will not be deducted in the current round.

Step 5 - Rating and Ranking:

Applications will be ranked within each group according to their final scores, highest to lowest. The allocation of funds to each of the three groups will be proportional to the demand.

Step 6 - Geographic Distribution:

CalHome's enabling statute requires the program "ensure a reasonable geographic distribution of funds." HCD will review the rankings for the geographical distribution of awards with a goal to meet the following minimum targets:

- **45 percent** - for activities in **Southern California** (the counties of San Luis Obispo, Kern, San Bernardino and all counties to the South).
- **30 percent** - for activities in **Northern California** (all other counties in the state).
- **10 percent** - for activities in **rural areas** as defined in 25 CCR, Section 50101.

If there are insufficient eligible applications in any of the targeted distributions, the balance of the allocation for that targeted area will be used to fund eligible applications in any area of the state based on highest ranking order.

Step 7 - Allocation Adjustments:

In case of a tie score, the application for an area demonstrating the highest poverty level will be funded first.

Allocations will be made to the highest scoring applications and down the list until all available funds are awarded.

Funding decisions will be made by the Deputy Director of HCD's Division of Financial Assistance. The decision of the Deputy Director is final.



Section 6 – Awards

Process:

All applicants will be notified when decisions are finalized. Until letters of Notice of Award or Denial are sent, CalHome staff may not discuss the standing of any application. Upon receipt of a Letter of Denial, unsuccessful applicants may direct questions to the CalHome Program Manager, Raymond Victor, at (916) 327-8255.

HCD will forward a Standard Agreement (contract) to successful applicants. This contract should be signed by the person authorized in their enabling resolution and returned to HCD. HCD will sign the contract, and affix a date stamp indicating the contract is fully executed. The fully executed contract will be returned to the applicant and the status of the applicant changed to recipient.

Release of Funds:

Funds may not be obligated by the recipient prior to the execution date.

Funds will be released by the CalHome Program only after the recipient submits the following items and they have been reviewed and approved by CalHome staff:

- Loan Servicing Plan
- Reuse Account Plan
- Program Guidelines
- Loan Document templates
- Homebuyer Education Plan (Mortgage Assistance activity only)
- Fully executed 20-Year Monitoring Agreement
- If a recipient contracts with a third party for these functions, the recipient must submit a current copy of the contract for HCD review

Funds may be requested as either a reimbursement or as an advance. Advances are limited to 25 percent of the grant amount. Documentation showing usage of at least two-thirds of the funds released must be submitted before another advance request can be processed.

**Timeframes for Performance:**

The Standard Agreement allows a maximum of 36 months from the date of the Award Letter to expend funds. All documentation to support the recipient's expenditure of funds must be received within this timeframe.

At the end of 36 months, the Standard Agreement expires. Recipients remain subject to the terms of the audit provisions of the Standard Agreement and the terms of the 20-year Monitoring Agreement.

HCD anticipates the processes of application rating and ranking and fund awarding to be completed within approximately three months of the application due date.

Section 7 – Legal Matters

HCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, HCD will notify interested parties.



Appendix A

<u>Criteria</u> (The list below is a summary. Please refer to Section 7751 in the CalHome Program Regulations for more specific information.)	<u>Maximum Points</u>
<u>Capability</u> to operate the program or develop the project by demonstrating prior experience with administration of the program activity proposed or in developing the type of homeownership development project as proposed, and prior experience with loan servicing or a plan to provide loan servicing/management capabilities.	400
<u>Community need</u> in a geographic area of the proposed local program or project will be based on the following factors: <ul style="list-style-type: none">• For an owner-occupied rehabilitation application, percentage of the population living at or below the federal poverty level, and the number and percentage of households who are overcrowded and living in substandard housing as reflected in the 2010 census data;• For a mortgage assistance application: the percentage of low-income households overpaying for their housing.	150



Appendix A

<p><u>Feasibility</u> of the proposed program activity is demonstrated by the extent to which the proposed program is responding to a community need and demonstrates a likelihood of success.</p> <p>Feasibility for program applications will be determined by the following statistical indicators:</p> <ul style="list-style-type: none">• For an owner-occupied rehabilitation application, percentage of pre-1980 homes in the jurisdiction, and the percentage of overcrowded households;• For a mortgage assistance program, the ratio between the CalHome appraised value limits (Section 7751 (b)(3)(A)(i)) and median household income in the jurisdiction, and the percentage of low-income homeowners.	250
<p>Contributes to <u>community revitalization</u> by operating a program/project located in a federally defined Qualified Census Tract.</p>	100
Maximum Baseline Points	900



Appendix A

New Policy Objectives Mortgage Assistance Programs Only	Bonus Points Value
<p><u>Targeting Energy Efficient/Green Building features:</u></p> <p>Buildings shall be designed to include the green building measures specified as mandatory in the CALGreen Building Standards Code. In addition, applicants proposing to follow the voluntary green building measures (refer to Appendix A4 at http://www.hcd.ca.gov/codes/shl/2010_CA_Green_Bldg.pdf) may be eligible to receive 50 bonus points. Voluntary tiers are intended to further encourage building practices that improve public health, safety and general welfare by promoting the use of building concepts that minimize the building's impact on the environment and promote a more sustainable design.</p> <p>CALGreen Tier 1 and Tier 2 buildings contain voluntary green building measures necessary to meet the threshold of each level. For the submission of your application, you may self-certify that you intend to meet the CALGreen Tier 1 or Tier 2 design criteria (see application self-certification check list and attach as Bonus Exhibit A to the Application). An architect or the local inspection agency must certify that the design actually meets the criteria for CALGreen Tier 1 or Tier 2 specified in the Code, and will be a condition of your contract.</p> <p>(Attach as Bonus Exhibit A to the application)</p>	50



Appendix A

Targeting homeownership units that meet universal design standards:

Bonus points will be given to applicants that use their mortgage assistance loans exclusively for home purchases that meet the following universal design standards:

- Provide at least one no-step entrance with beveled threshold. This may be at the front, side or back of unit.
- Make doorways throughout the unit at least 32 inches wide.
- Reinforce wall around the toilet, bathtub and shower stall so grab bars may be added at a later time, if needed.
- Install light switches and electrical controls no higher than 48 inches and electrical plugs no lower than 15 inches above the floor.
- Install lever handles on all doors and plumbing fixtures

(Attach as Bonus Exhibit B to the application)

50

